

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**SUPPLEMENTARY BUDGET ESTIMATES 2011-2012**

**Finance and Deregulation Portfolio**

**Department/Agency:** Future Fund Management Agency

**Outcome/Program:** Outcome 1

**Topic:** Investment in tobacco

**Senator:** Di Natale

**Question reference number:** F47

**Type of question:** Hansard, F&PA Committee, page 34, 18 October 2011

**Date set by the committee for the return of answer:** Friday, 2 December 2011

**Number of pages:** 1

**Question:**

How do you think it would impact on the fund's bottom line if the fund chose not to invest in tobacco?

**Answer:**

In accordance with its obligation to have regard for international best practice for institutional investment, the Board applies a rigorous framework to address environmental, social and governance issues, including the consideration of exclusions from the portfolio. Considering exclusions in isolation is inconsistent with the prudent management of these matters and does not reflect the Board's approach.

To measure the impact of excluding any one sector on a portfolio's future performance, a variety of possible factors would need to be considered given the uncertainty about the future performance environment. Factors would include current and future market conditions, company or sector fundamental outlook, and how the performance of other sectors might impact the fund's performance. In addition, the Board considers all holdings in a broad portfolio context. As such providing a certain answer to the impact of excluding this sector is not possible.